



Missouri Department of Natural Resources Energy Center

MISSOURI ENERGY BULLETIN

August 20, 2004

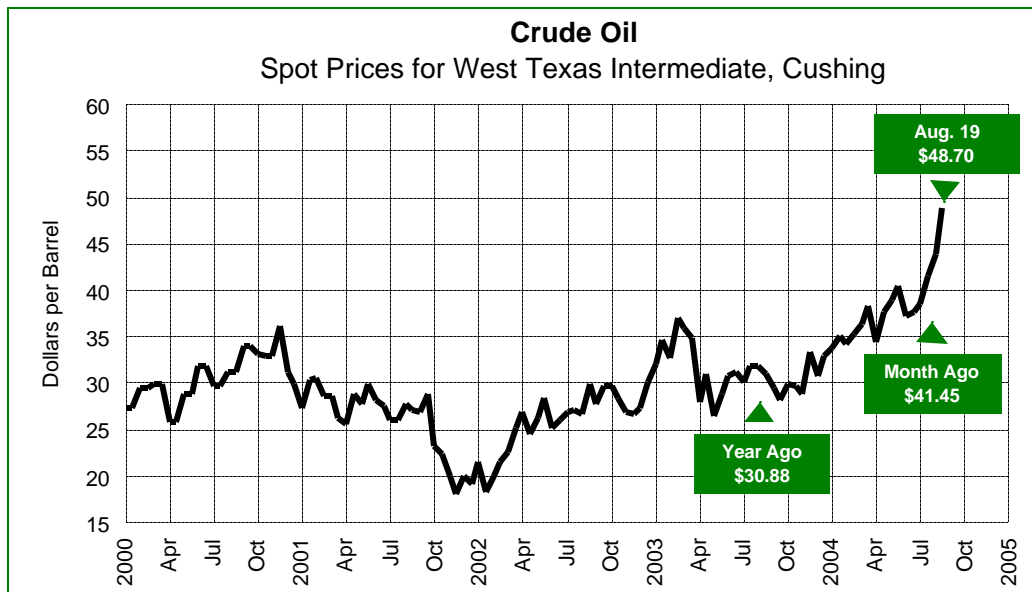
Crude Oil

On August 19, U.S. crude oil prices set a new record price at \$48.70 per barrel supported by fears of crude oil disruptions by Russian oil producers and militant actions in Iraq .

Crude Oil - Spot Prices (dollars per barrel)

	<u>08-19-04</u>	<u>07-19-04</u>	<u>change</u>	<u>08-18-03</u>	<u>change</u>
WTI	\$48.70	\$41.45	up 17%	\$30.88	up 58%

- ? The market remains sensitive over supply disruptions in Iraq, even though fighting at a shrine in Najaf, Iraq appears to have ended. OPEC sought to calm the markets by vowing to produce well in excess of demand, but traders continue to see a volatile market. Factors supporting higher crude prices include the fighting in Iraq, financially plagued YUKOS, a major crude producer in Russia, inclement weather in the U.S. Gulf that hampered crude oil shipping, potential civil unrest in Venezuela following last weekend's elections and OPEC's inability to meet growing global demand for crude oil.
- ? During August, crude oil prices have set 10 new price records in the last 14 trading sessions, the most recent on August 19 at \$48.70. From a year ago, prices are up \$17.82 or 58 percent. U.S. crude oil stocks fell 1.3 million barrels to 293 million barrels last week.



- ? Crude oil imports rose with shipments from Saudi Arabia particularly high. OPEC raised production in July and will raise it again in August to 30 million barrels per day. OPEC added it may increase output again to 30.5 million in September, with Saudi Arabia increasing production to close to 10 million bpd from 9.31 million in July. In Iraq, a Shiite uprising has forced a major pipeline linking southern oilfields to a Gulf export terminal to remain closed, keeping exports at about half of capacity.

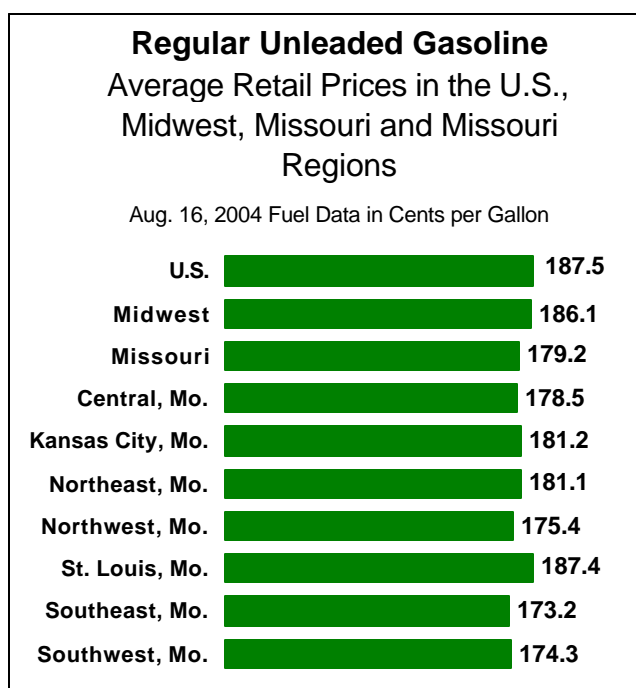
Transportation Fuels

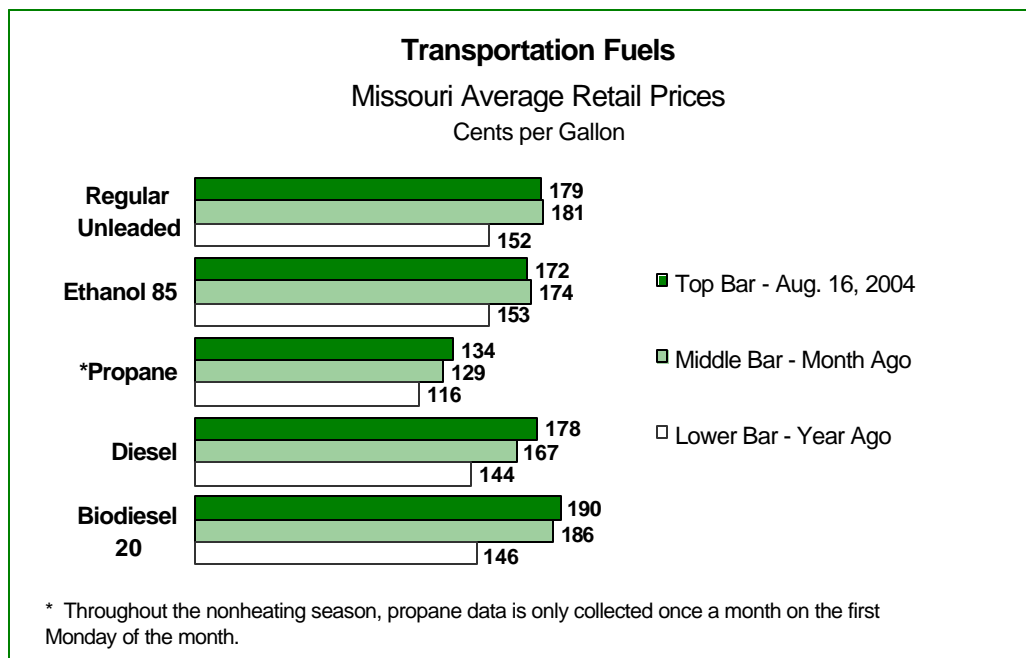
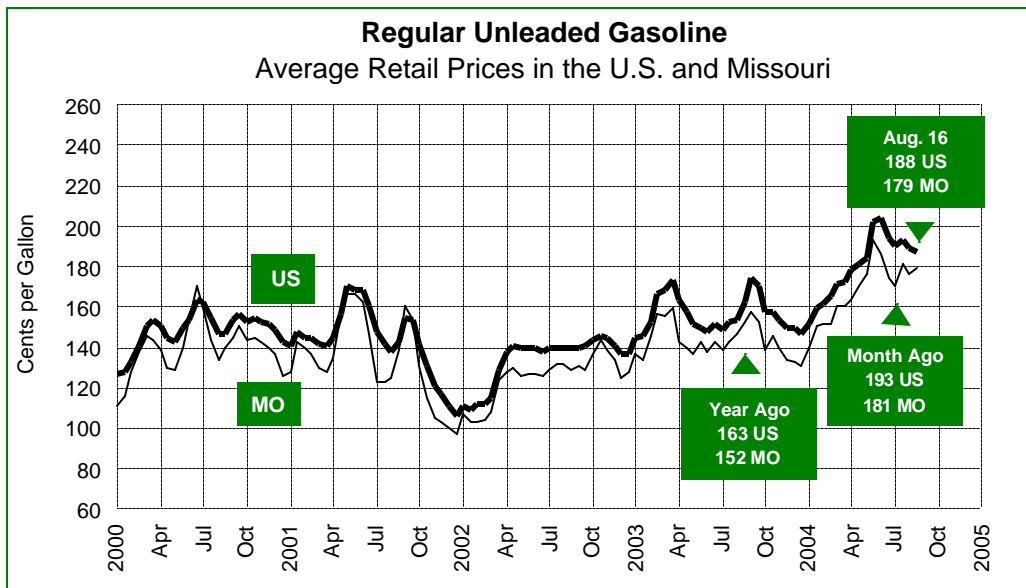
Missouri's average retail price for regular gasoline decreased 3 cents per gallon from the previous month to reach 179 cents per gallon as of August 16, 27 cents higher than this time last year.

<i>Regular Unleaded Gasoline - Retail Prices (cents per gallon)</i>					
	<u>08-16-04</u>	<u>07-19-04</u>	<u>change</u>	<u>08-18-03</u>	<u>change</u>
US	188	193	down 3%	163	up 15%
Missouri	179	181	down 1%	152	up 18%

<i>Diesel Fuel - Retail Prices (cents per gallon)</i>					
	<u>08-16-04</u>	<u>07-19-04</u>	<u>change</u>	<u>08-18-03</u>	<u>change</u>
Missouri	178	167	up 7%	144	up 24%

- ? Over the last year, Missouri's average retail gasoline prices have increased 18 percent, climbing from \$1.52 per gallon to \$1.79 per gallon. Missouri retail gasoline prices peaked to near \$2 per gallon by May 17. Crude oil prices have increase by nearly \$5 since July 28, but gasoline prices have remained fairly stable due to strong gasoline production, imports and storage.





Motor Gasoline - Total Stocks (millions of barrels)					
	08-13-04	07-16-04	change	08-15-03	change
US	205.7	208.4	down 1%	196.9	up 4%

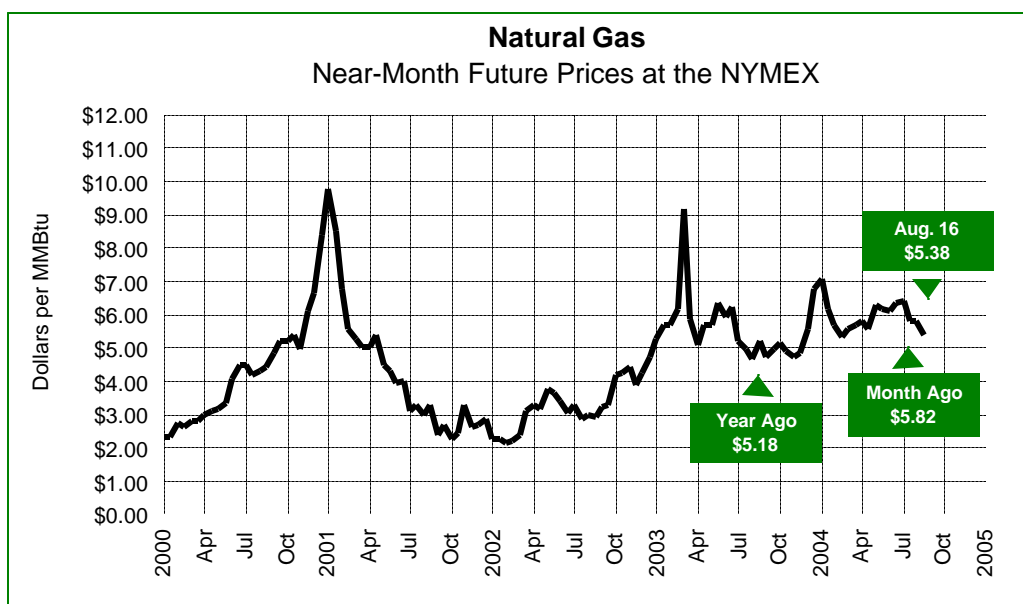
- ? U.S. gasoline supplies decreased for the week ending Aug. 13 with commercial supplies declining by 2.6 million barrels from the previous week, placing them at approximately 208 million barrels, still well within the upper 5-year average for this time of year. U.S. gasoline supplies decreased due to strong domestic demand averaging 9.5 million barrels per day, an increase of nearly 300,000 barrels per day since the end of July.
- ? U.S. gasoline production was estimated at 8.9 million barrels per day, about 94.5 percent of U.S. refining capacity and imports contributed an additional 891,000 barrels per day during the same period.

Natural Gas

For the week ending Aug. 13, U.S. commercial supplies of natural gas were 5.7 percent above the 5-year average for this time of year.

Natural Gas - Near Month Future Prices (dollars per mmbtu)					
	<u>08-16-04</u>	<u>07-19-04</u>	<u>change</u>	<u>08-13-03</u>	<u>change</u>
NYMEX	\$5.38	\$5.82	down 8%	\$5.18	up 4%

- ? Working gas in underground storage was 2,530 Bcf as of August 13, which is 5.7 percent above the 5-year average inventory level for the report week, according to EIA's *Weekly Natural Gas Storage Report*. The implied net injection for the week totaled 78 Bcf, which is 33 percent higher than the 5-year average injection of 59 Bcf and a slight 1 Bcf higher than last year's injection of 77 Bcf for the report week.
- ? Cooler temperatures are continuing to limit air-conditioning demand in many regions of the country. During the report week, the weather for the country as a whole was temperate for this time of year, yielding 27 percent less cooling degree days (CDDs) than normal.



Propane

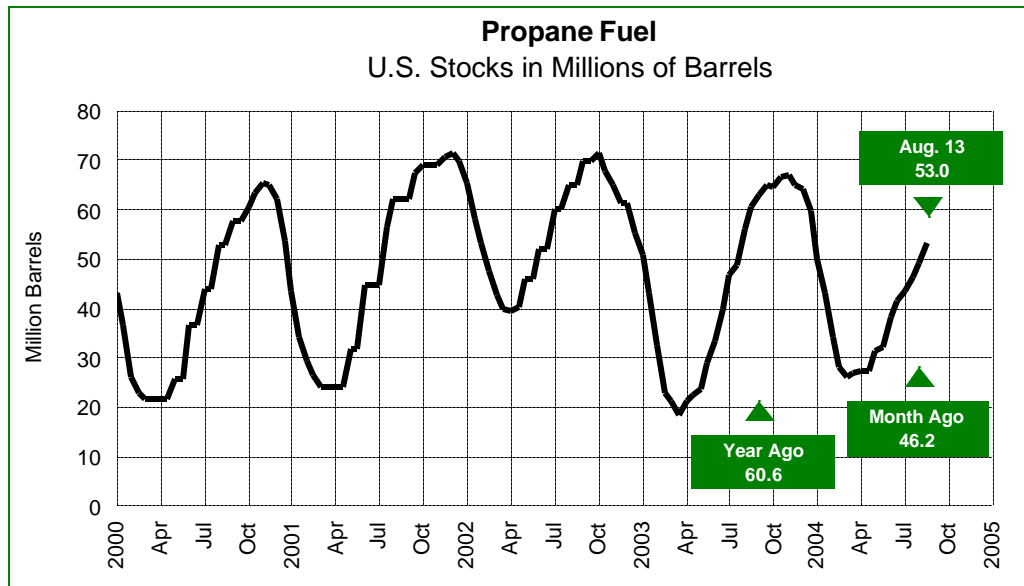
Midwest propane supplies improved by 0.4 million barrels for the week ending Aug. 13, placing supplies at 21.2 million barrels compared with 18.7 million barrels at this time last year.

Propane - Residential Prices (cents per gallon)					
	<u>08-02-04</u>	<u>07-05-04</u>	<u>change</u>	<u>08-04-03</u>	<u>change</u>
Missouri	120	115	up 5%	105	up 14%

- ? U.S. inventories of propane continued higher last week. The momentum from the robust 2.4 million

barrels added to primary inventories during the first week of August slowed to only 1.5 million barrels during the second week. With week ending August 13, 2004, U.S. inventories of propane stood at an estimated 53.0 million barrels, a level that remains 4.4 million barrels below the same period last year.

- ? The Midwest region added 0.4 million barrels last week placing storage supplies at 21.2 million barrels compared to last year's storage figure of 18.7 million barrels for the same period.



Energy Bulletin Update

The Energy Bulletin has a new e-mail advisory service that will include an email and a direct link to the Bulletin on our web page rather than an email attachment. This new service will allow our readers to have easy and timely access to a newly designed Missouri Energy Bulletin that includes easier to read summaries of price and supply information as well as colored charts and graphs. To register for the new distribution service, please visit <http://www.dnr.mo.gov/energy/transportation/e-bulletin.htm>

Missouri Energy Outlook

The Missouri Energy Outlook, an energy resource analysis reviewing prices and availability of energy in Missouri over the summer months was released in June by the Missouri Department of Natural Resources' Energy Center. Copies of the Missouri Energy Outlook are available online at the department's Web site at <http://www.dnr.mo.gov/energy/energyoutlook.pdf>, or may be obtained by calling the Missouri Department of Natural Resources' Energy Center at (573) 751-3443 or the department toll free at (800) 361-4827.

The Missouri Energy Bulletin is distributed twice a month by the Missouri Department of Natural Resources, Energy Center. The Energy Center collects transportation and propane heating fuel prices from several retail providers located throughout the state. To preserve confidentiality, price data are averaged and reported by region. The Bulletin is a public resource made available to state government decision-makers, other interested individuals upon request and on-line at the Energy Center Internet address. The department thanks each of the following in helping to provide accurate, timely data on fuel supplies and prices: the U.S. Department of Energy's Energy Information Administration; the National Association of State Energy Officials; the St. Louis AAA Auto Club; regional state energy offices; and Missouri's energy retailers.

For more information, contact: MO Dept. of Natural Resources, Energy Center, P.O. Box 176, Jefferson City, MO 65102-0176; Phone: (573) 751-3443; Fax: (573) 751-6860; E-mail: energy@dnr.mo.gov; Web Address: www.dnr.mo.gov/energy/transportation/tb.htm